FORT RUCKER – AMCOM PILOT PROGRAM
TRADOC – AMC FLEET MANAGEMENT INITIATIVE

IN PROGRESS REVIEW # 6

22 January 2004

Fort Rucker – AMCOM Fleet Management Initiative Update

- Seamless transition between DynCorp and Army Fleet Support, LLC (AFS)
- AFS assumed full mission performance 1 DEC 03.
- Scheduling process changed (3 x Day Squaring) 1 DEC 03
- Manpower Study started. ESD FEB 04
- CH-47D training backlog cleared 20 NOV 03.
- Performance Based Agreement staffing.
- CCAD MOU staffing.
- ASL review completed NOV 03.
- Working Sikorsky-Fort Rucker closed loop supply.
- 24 (3 shifts) Hour work schedule implemented 5 JAN 04.

I don't care how hard people work as long as we win. I don't care what it takes to get the water to the soldier, as long as when he turns on the spigot, water comes out". Bureaucracies attempt to be efficient; ***professionals attempt to be effective. GEN Schoomaker, CSA***

Overall Pilot Assessment

Fleet Management Initiative

(Partnership between TRADOC, AMC and IMA)

In-Process Review # 6 22 Jan 04

Overall Assessment is Amber

- Readiness has improved all training is Green

- Funds are Green

- New contract is outstanding -- Green

- Facilities are Red, but improving

- Supply posture has not improved -- Red, *but we are at war.*

- Fleet health is improving – Green

- Identification and assessment of 2nd and 3rd order effects of resource decisions -- Red

Pilot Assessment By COO

Fleet Management Initiative
(Partnership between TRADOC, AMC and IMA)

In-Process Review # 6 22 Jan 04

	Critical Operating Objectives	CG USAAVNC	CG AMCOM
#1	Were training requirements satisfied?	G	G
#2	Did the readiness condition of the fleet improve?	A/G	G
#3	Did the cost of doing business decrease or remain constant?	A/G	G

Maintain or Improve readiness while reducing cost

COO #1: Meeting Training Requirements

Calculation for Meeting Training Requirements

- Baseline established for consolidated fleet-wide totals.
- A base of 96 percent was established on the assumption that contractor provides a minimum of 96 percent or more of the aircraft under the current contract.
  - Individual fleets may vary dependent upon actual historical performance.
- Goal set at 100 percent because this is the only reasonable entitlement for Customer Satisfaction

Pilot Program Review
USAAVNC/AMCOM

COO #1: Meeting Training Requirements

- Training Customer Satisfaction Goal

Fleet	Baseline (Feb 02 – Jan 03)	OPCON Average (Feb – Nov 03)	New Contract (Dec 03)	Goal
AH-64A	98%	100%	101%	100%
AH-64D	98%	100%	99%	100%
CH-47D	90%	85%	103%	100%
OH-58A/C	100%	100%	100%	100%
OH-58D	98%	98%	100%	100%
TH-67	100%	101%	100%	100%
UH-1H	96%	99%	100%	100%
UH-60	94%	95%	99%	100%

Note: Data as of 31 Dec 03

Contractor Performance

DEC 03

Contractor Performance

	Requested Aircraft	Contract Launch Requirement	Aircraft Issued	NMCS Adjustment	NMCM Adjustment	Rejects	Spares	OBACKs	Contractor Mission Performance	Met Contract Issue Requirement per Period (no NMCS Adjustment)	Met School Requested Issue Requirement per Period	AM Availability Incentive Fee Lost
AH-64A	327	327	332	0	0	17	14	0	100.6%	100.0%	100.0%	0.0%
AH-64D	452	417	442	26	0	34	28	4	111.7%	97.9%	93.6%	0.0%
AH-64D FCR	215	206	222	0	0	13	9	0	105.8%	100.0%	100.0%	0.0%
CH-47	362	362	377	1	0	29	18	5	102.7%	97.9%	97.9%	0.0%
OH-58AC	1,825	1,825	1,829	0	0	53	43	10	100.2%	100.0%	100.0%	0.0%
OH-58DA	532	397	536	0	0	6	4	0	134.5%	100.0%	88.2%	0.0%
OH-58DS	130	121	136	0	0	2	2	1	113.2%	97.1%	97.1%	0.0%
TH-67A+	94	94	95	0	0	0	0	0	101.0%	100.0%	100.0%	0.0%
TH-67C	1,900	1,892	1,905	0	0	16	12	3	100.6%	100.0%	100.0%	0.0%
TH-67I	770	760	777	0	0	11	10	0	102.1%	100.0%	100.0%	0.0%
UH-1	383	383	388	0	0	14	9	0	100.0%	100.0%	100.0%	0.0%
UH-60	1,332	1,332	1,330	15	0	51	39	0	[illegible]	92.7%	92.7%	0.0%
Average	**694**	**676**	**697**	**4**	**0**	**21**	**16**	**2**	**106.0%**	**98.8%**	**97.5%**	**0.0%**
Total	**8,322**	**8,116**	**8,369**	**42**	**0**	**246**	**188**	**23**				**0.0%**

5-8 JAN 04

Contractor Performance

	Requested Aircraft	Contract Launch Requirement	Aircraft Issued	NMCS Adjustment	NMCM Adjustment	Rejects	Spares	OBACKs	Contractor Mission Performance	Met Contract Issue Requirement per Period (no NMCS Adjustment)	Met School Requested Issue Requirement per Period	AM Availability Incentive Fee Lost
AH-64A	66	66	73	0	0	0	0	0	110.6%	100.0%	100.0%	0.0%
AH-64D	128	123	129	0	0	7	7	0	104.8%	100.0%	100.0%	0.0%
AH-64D FCR	54	54	55	0	0	3	2	0	100.0%	100.0%	100.0%	0.0%
CH-47	71	71	75	0	0	4	3	1	105.6%	100.0%	100.0%	0.0%
OH-58AC	408	408	408	0	0	3	3	1	100.2%	100.0%	100.0%	0.0%
OH-58DA	137	103	136	0	0	2	1	0	131.0%	100.0%	83.3%	0.0%
OH-58DS	56	48	53	0	0	1	1	0	110.4%	100.0%	90.0%	0.0%
TH-67A+	4	4	4	0	0	0	0	0	100.0%	100.0%	100.0%	0.0%
TH-67C	394	394	397	0	0	7	5	2	100.7%	100.0%	100.0%	0.0%
TH-67I	130	130	130	0	0	1	1	0	100.0%	100.0%	100.0%	0.0%
UH-1	78	78	81	0	0	5	5	0	103.8%	100.0%	100.0%	0.0%
UH-60	310	309	299	0	0	11	12	0	[illegible]	91.7%	91.7%	0.0%
Average	**153**	**149**	**153**	**0**	**0**	**4**	**3**	**0**	**105.3%**	**99.3%**	**97.1%**	**0.0%**
Total	**1,836**	**1,788**	**1,840**	**0**	**0**	**44**	**40**	**4**				**0.0%**

Performance is 100% in both meeting the required number of aircraft and a.m. availability in over 10,000 launches!

Pilot Program Review
USAAVNC/AMCOM

- **<u>COO #2</u>: Aircraft Fleet Readiness Calculations**
- **Baseline and Goal developed BY FLEET from DA Form 1352**
  - **BASELINE is average for 12-month period Feb 02 thru Jan 03**
  - **Established GOAL using three steps:**
    - **Collected actual performance data for period Oct 02 - Jun 03 (9-month YTD at time Goal was set)**
    - **Selected "best month" of performance in measurement period for each fleet and compared it to expected minimum aircraft availability requirement in new contract**
    - **Applied higher of the two numbers: "best month" or contract minimum**
  - **Calculation for Enterprise Fleet Readiness (total of all fleets) GOAL determined by WEIGHTING, not by straight line AVERAGE**
- **Fleet density is shown in Baseline column as AVERAGE density for the period**

Pilot Program Review
USAAVNC/AMCOM

COO #2: Aircraft Fleet Readiness

- Maintain current mission capable average for combined fleet

Fleet	Average Fleet Density (Baseline)	Baseline (Feb 02 - Jan 03)	OPCON Average (Feb – Nov 03)	New Contract (Dec – Jan 04)	Goal
AH-64A	53	45%	58%	54%	60%
AH-64D	56	54%	64%	60%	69%
CH-47D	33	53%	42%	51%	59%
OH-58A/C	143	52%	55%	58%	60%
OH-58D	35	59%	70%	76%	77%
TH-67	152	75%	78%	83%	83%
UH-1H	68	42%	53%	71%	60%
UH-60	78	40%	42%	46%	50%

Note: Data as of 15 Dec 03

LEVERAGING THE AFS POTENTIAL

Navy TH-57 Fleet Support

Flying Hour Costs

Direct MMH **1.9**

Parts **$276**

90% OR

Army TH-67 Fleet Support

Flying Hour Costs

Direct MMH **6.0**

Parts **$380**

77% OR

- Phase times have been reduced from 4 Days to 1 1/3 Days
- + OR 10%
- MWO Program
- Comprehensive

COO #3: Maintenance Dollars Per Flight Hour

Calculation for Maintenance Dollars per Flight Hour

- Source document: Contractor's Cost and Statistical Report.
- Set Baseline using 12-month period OCT 02 - SEP 03 actuals.
- Computed OPCON using 11-month period FEB 03 - DEC 03 actuals.
- ESTIMATED Goal by applying the following to each fleet:
  - Percent improvement based on reasonable expectation and experience on similar environments and applied this to a 12-month period to CALCULATE the new cost for each fleet
  - Consideration for "historic best" for any month in the Baseline or OPCON period
- Labor Cost Includes: Direct Labor, Misc. Labor, & Allocations Overhead)
- Supply Cost Includes: OMA CLIX, Local Purchase, & Repairs
- Calculations for the Enterprise (fleet-wide total) determined by WEIGHTING against FHP by fleet, not by straight line AVERAGE.

COO #3: Maintenance Dollars Per Flight Hour

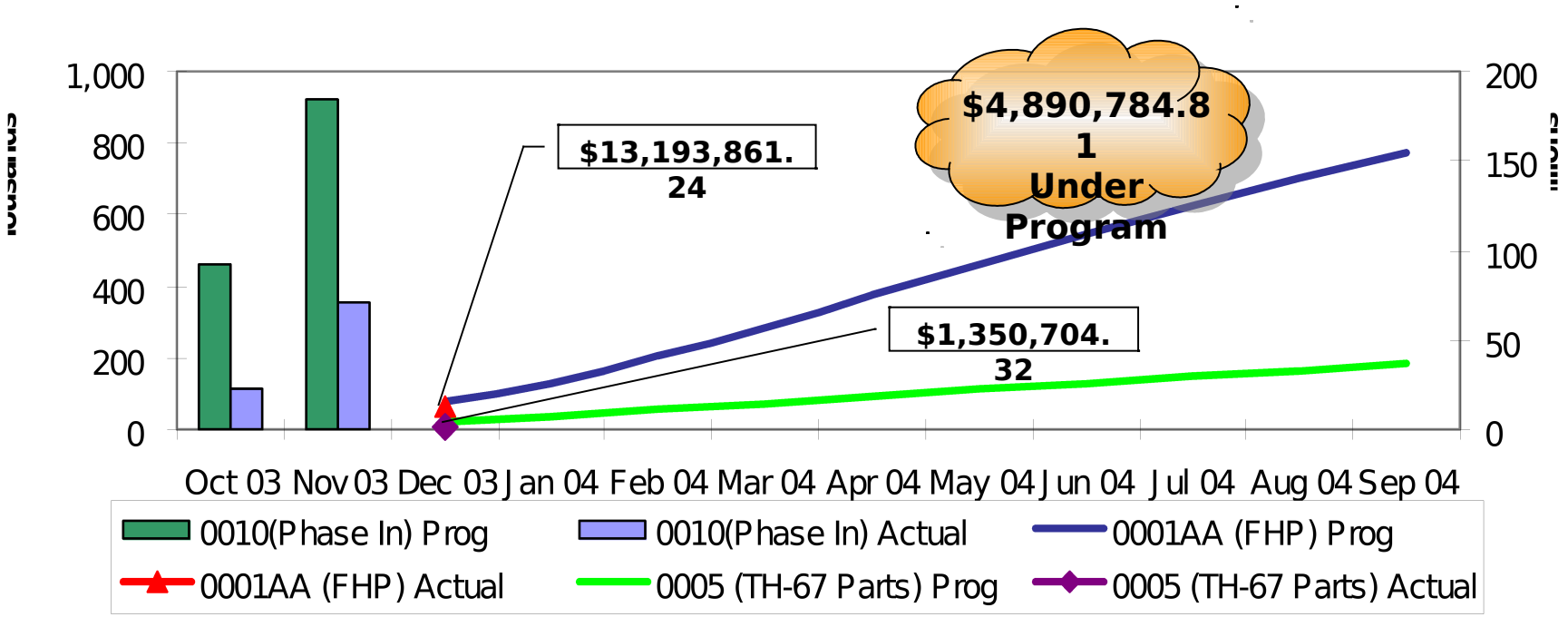
- $1208 Baseline & $1232 OPCON per flight hour average for all fleets

Fleet	Baseline (Oct 02- Sep 03)	OPCON Average (Feb–Nov 03)	Goal (Baseline minus 10%)
AH-64A	$2504	↑ $2840	$2254
AH-64D	$3072	↑ $3143	$2765
CH-47D	$3353	↓ $2700	$2430 *
OH-58A/C	$ 370	↓ $ 334	$ 333
OH-58D	$1354	↑ $1392	$1219
TH-67	$ 939	↓ $ 872	$ 845
UH-1H	$1303	↓ $1118	$1006 *
UH-60	$1586	↑ $1741	$1427

Note: Data as of end of month Nov 03. * Original Goal achieved; new goal establi

Contract Target Cost

- **Cost Plus Incentive Fee Contract (FHP, TH-67 Parts, Phase**
- **Contractor Incentive to Provide Max Availability**
- **Contractor Incentive to Control Cost – 50/50 Return under**



Supporting Metrics

	CRITICAL OPERATING OBJECTIVES	PILOT PROGRAM
#1	Were training requirements satisfied?	↑
1.1	Delay Rate	↓
1.2	Customer Satisfaction	↑
1.3	Scheduling Variance	↓
1.4	Train the Load Percentage	↓
#2	Did the readiness condition of the fleet improve?	↑
2.1	Operational Readiness Rate	↑
2.2	Reject Rate	↑
2.3	NMCS Rate	↑
2.4	Number of Overage Aircraft	↑
2.5	Percent of Bank Time	↓
#3	Did the cost of doing business decrease or remain constant?	↑ ↓
3.1	Controlled Exchange ratio	↑
3.2	Target Cost	↓
3.3	SOF/ASAM Impacts	↓
3.4	Supply Cost Index	↔

Summary

- Performance based contract is providing what it was designed to do – Customer defined performance.
- It provides better cost control and accountability.
- Contractor is more responsive due to the incentives and award term fee.
- Big corporate interest applying corporate resources to Safety, Quality and Production Control.
- We are leaning the process of producing pilots, not just supply and maintenance, but in all resource areas based on the data we are providing.
- **We are on track,** but the business cash flow issue needs to be addressed by the MACOMs.

Back-Up Charts

AMCOM Commitment

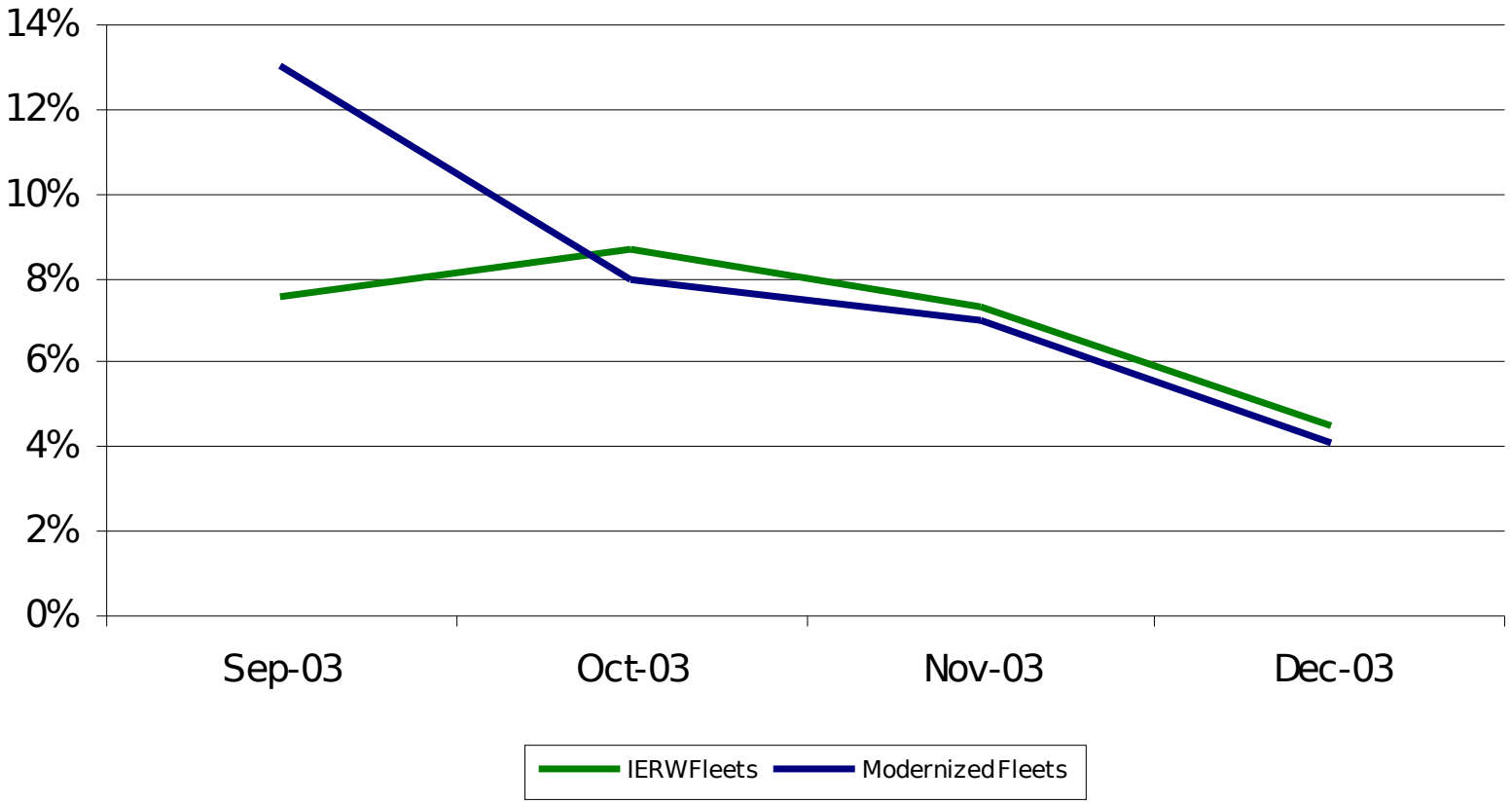
- **Personnel Support**
  - AMCOM IMMC established dedicated Fleet Mgt Branch (8 people) as conduit to ACLC
  - Augmenting mgt structure of ACLC with GS-15,14, & 13 positions
  - Thomas Group support contract - $500K FY 02; $1.2M FY03, FY04 TBD
  - On-Site KO Support for new contract (1 x LTC, 2 x MAJ for 90 day TDY, during civilian recruit process)
  - AMSAA Manpower Study

Annual Est Cost $5.6M

- **Expenditures**
  - Travel to support daily mission – $58K
  - Travel to support SSEB - $64K
  - Automation hardware - $15K (PCs and Printers)
  - Video Teleconference Hardware /Email Support - $19K
  - Furnishings for ACLC - $40K
  - Cell Phone Support - $3K
  - Backshop sprinkler system installation - $8K
  - New Headquarters in planning stages for FY04 - $750K
  - COR Training Course - $7k
  - Boeing CH-47D CFSR - $260k

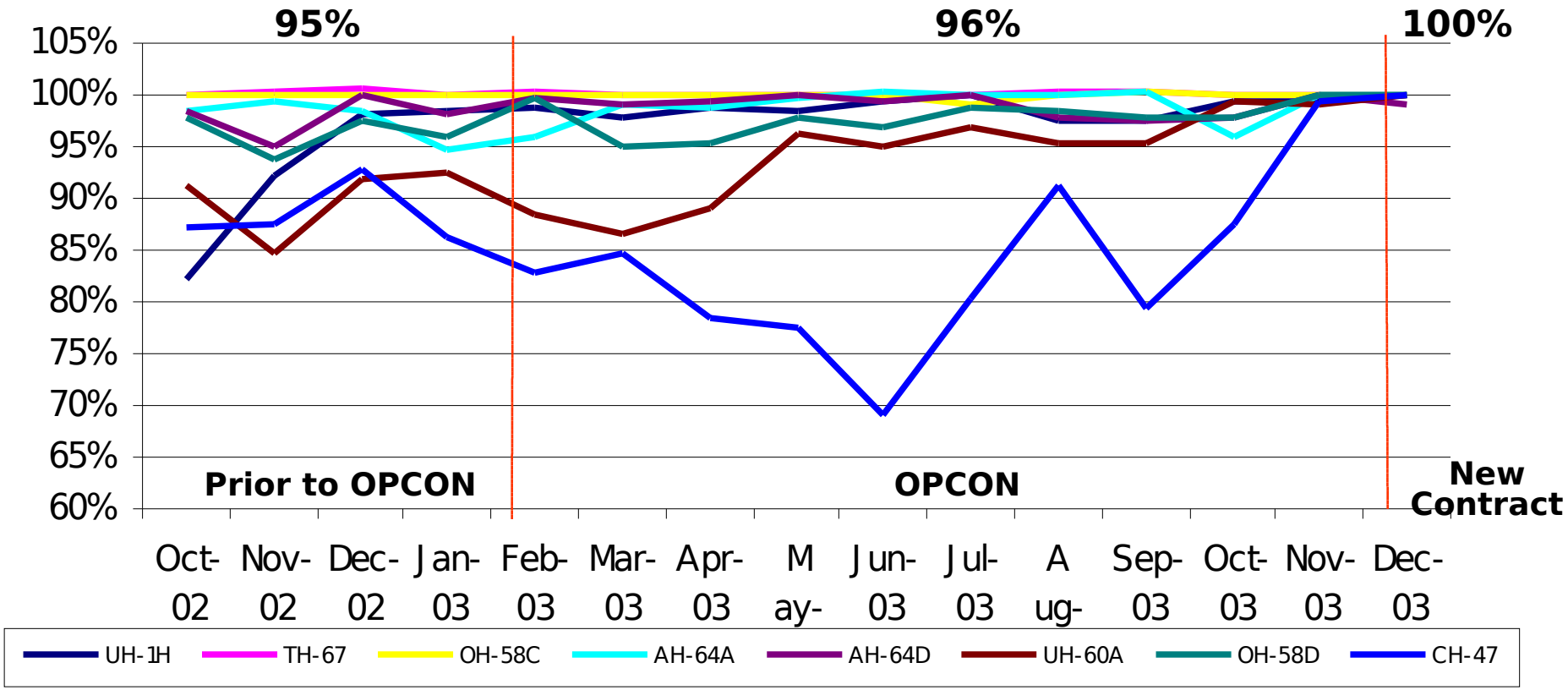
Delay Rate

The number of aircraft that were delayed by maintenance. A delay is logged each time the contractor has to perform required maintenance on an aircraft for any reason after issue.



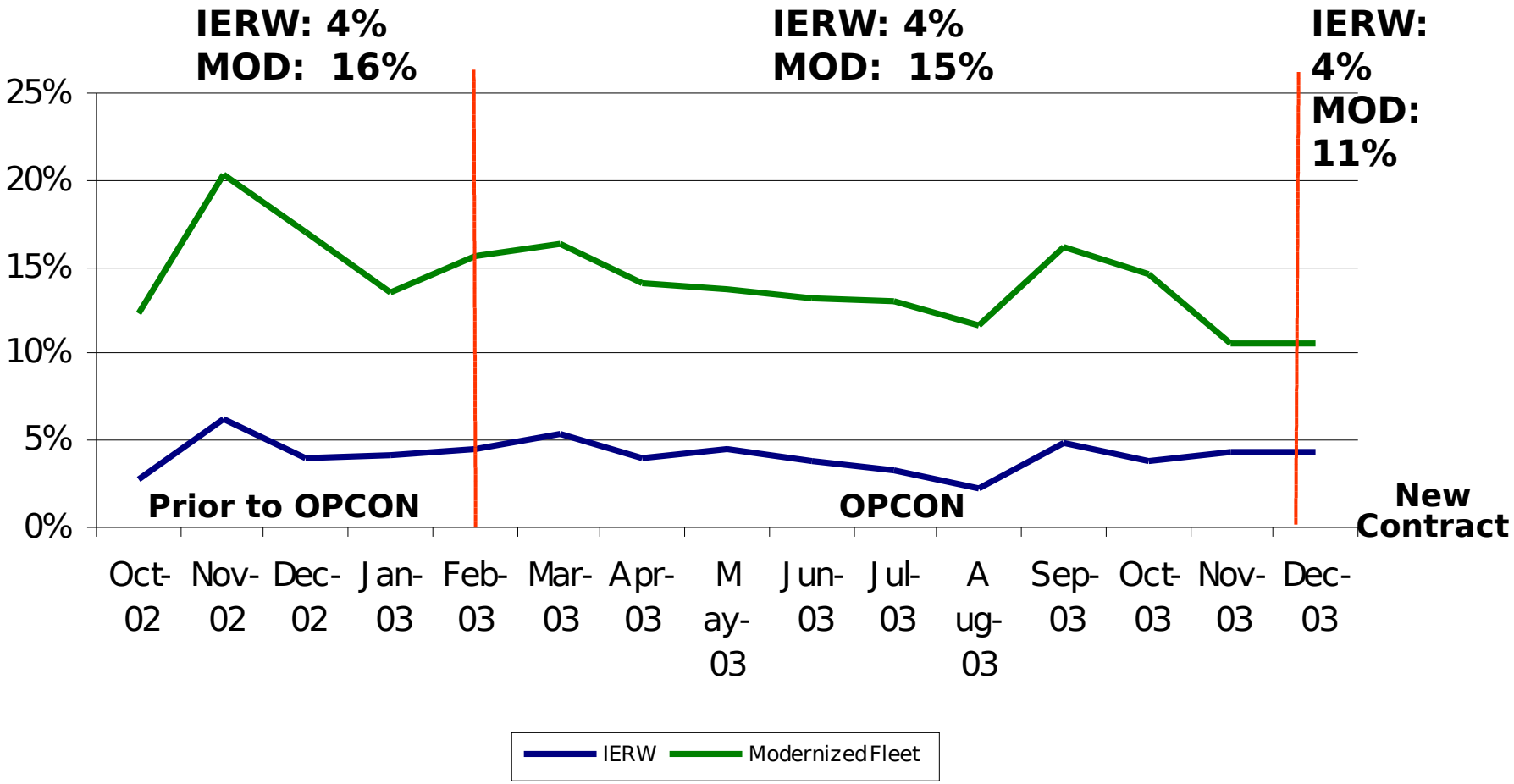
Customer Satisfaction

Percentage of the number of aircraft issued to meet a customer demand. Includes Spares issued to meet Rejects.



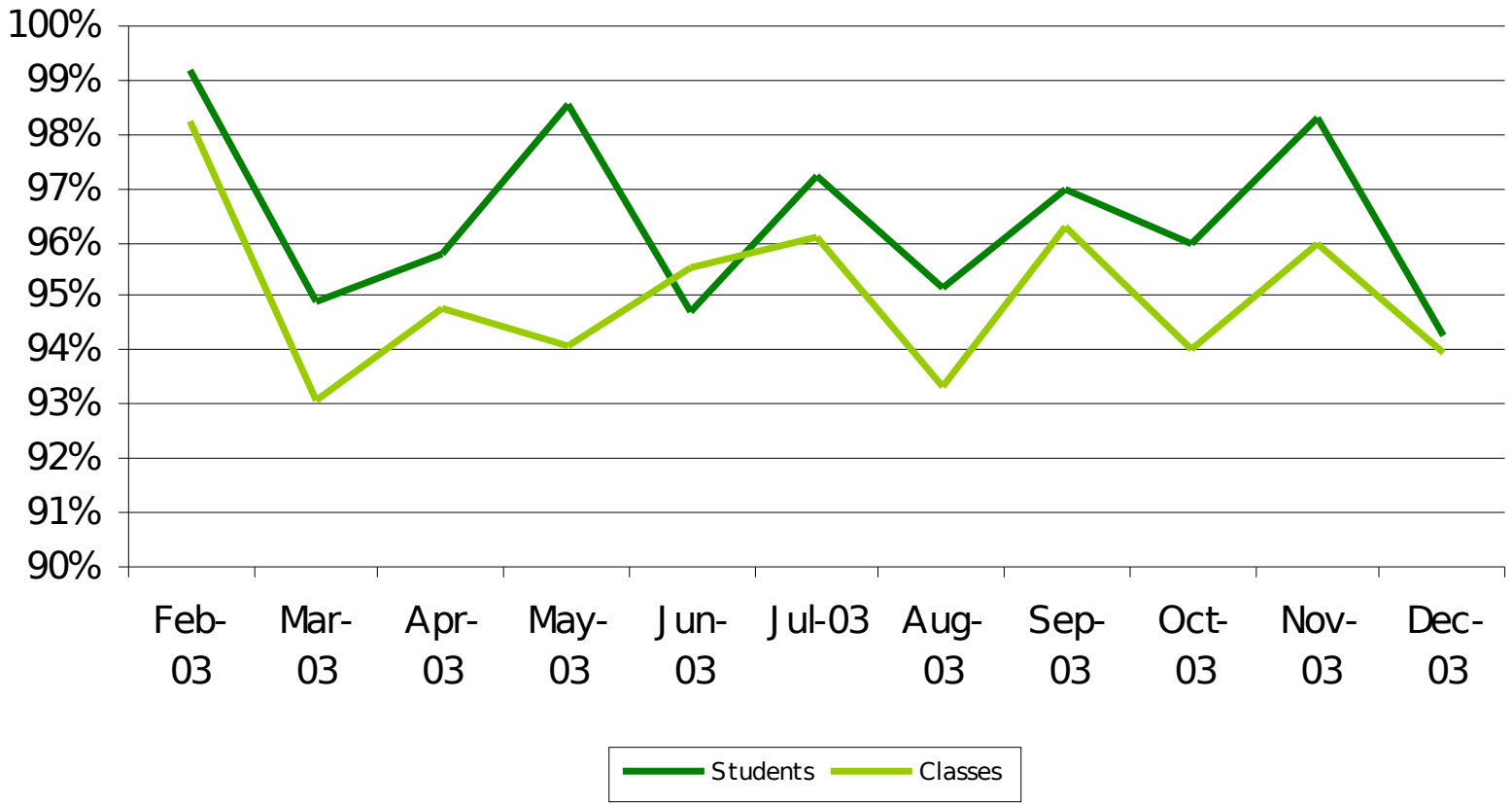
Scheduling Variance

The difference between the number of aircraft requested during the planning period and the aircraft actually required (over or under) at the time of issue.



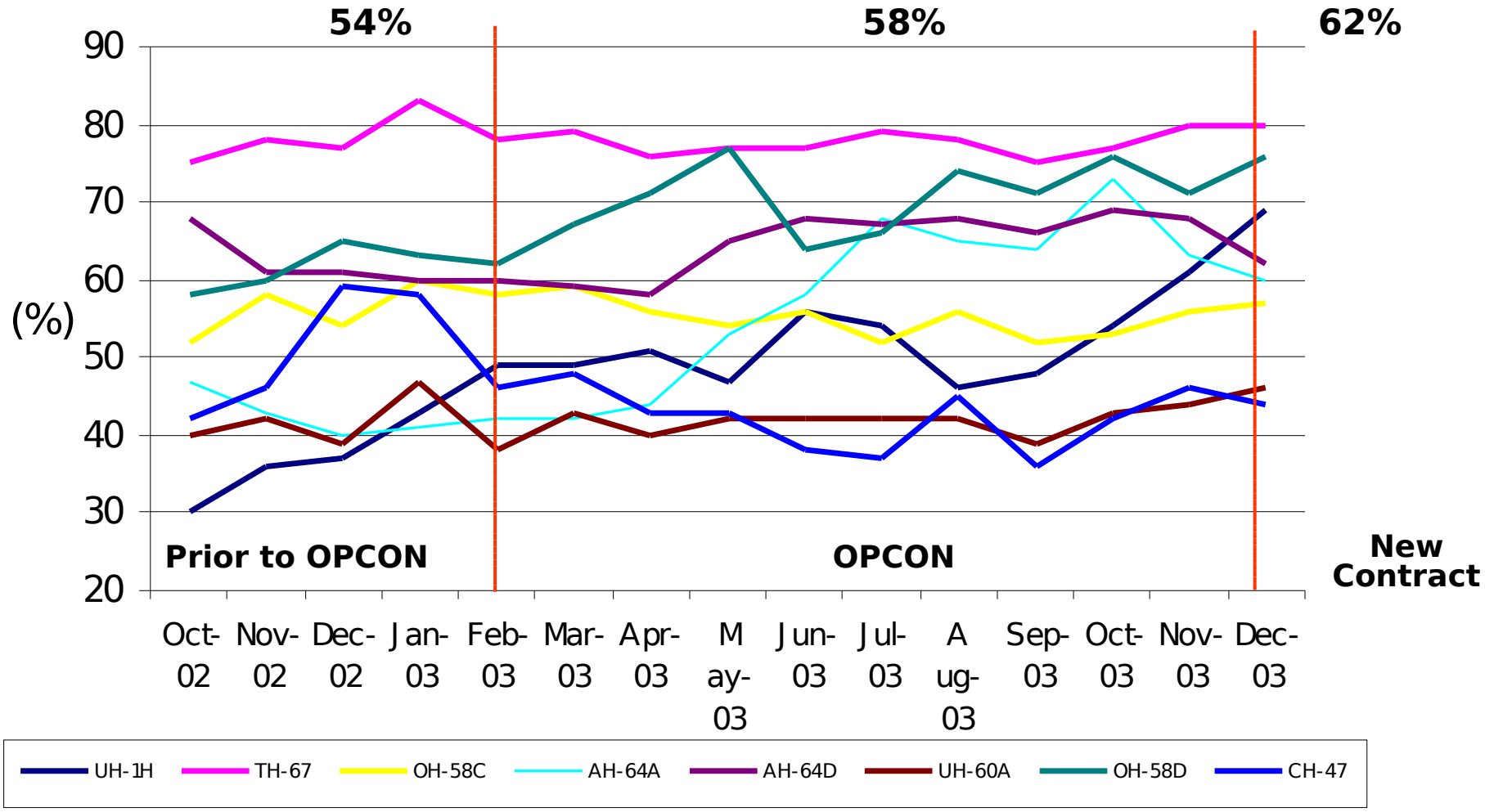
Train the Load Percentage

Percentage of classes and Students that will graduate on time. Less than 100% can be attributed to the cumulative effect of Weather, Shortage of IPs, Shortage of Aircraft due to Maintenance, and Individual Student Events.



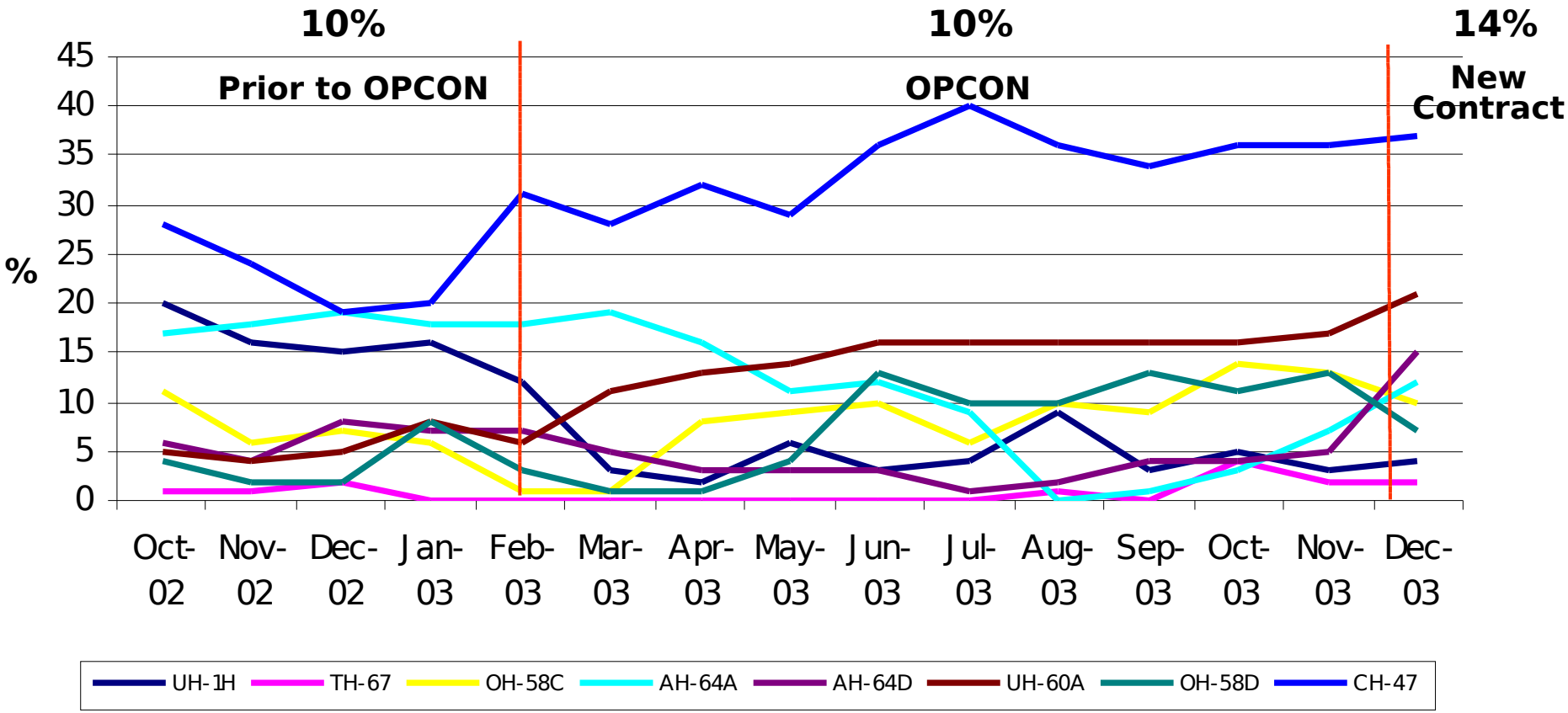
Mission Capable

Percentage of aircraft that are fully mission capable.



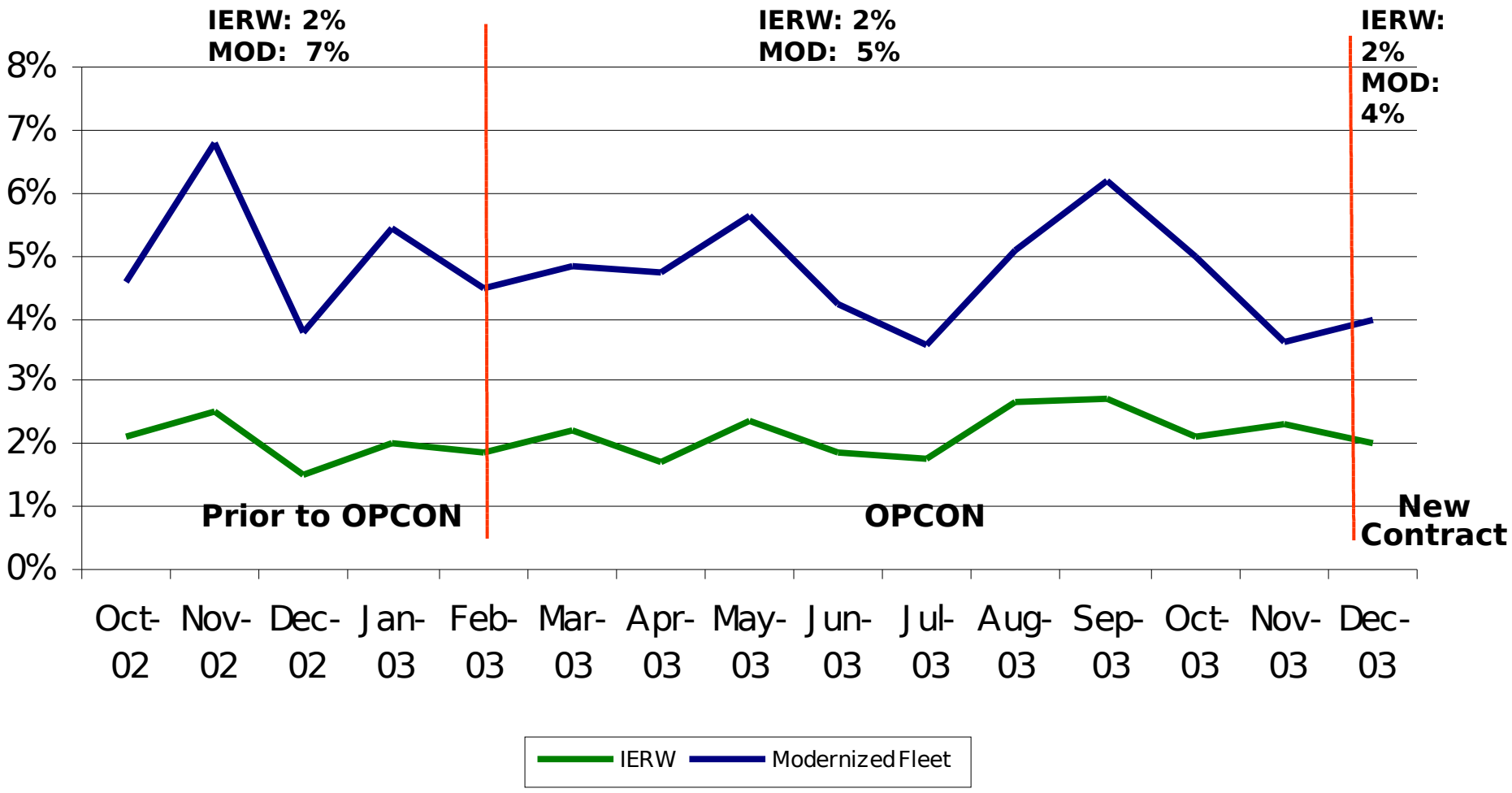
Non-Mission Capable Supply

Percentage of aircraft non-mission capable awaiting parts.



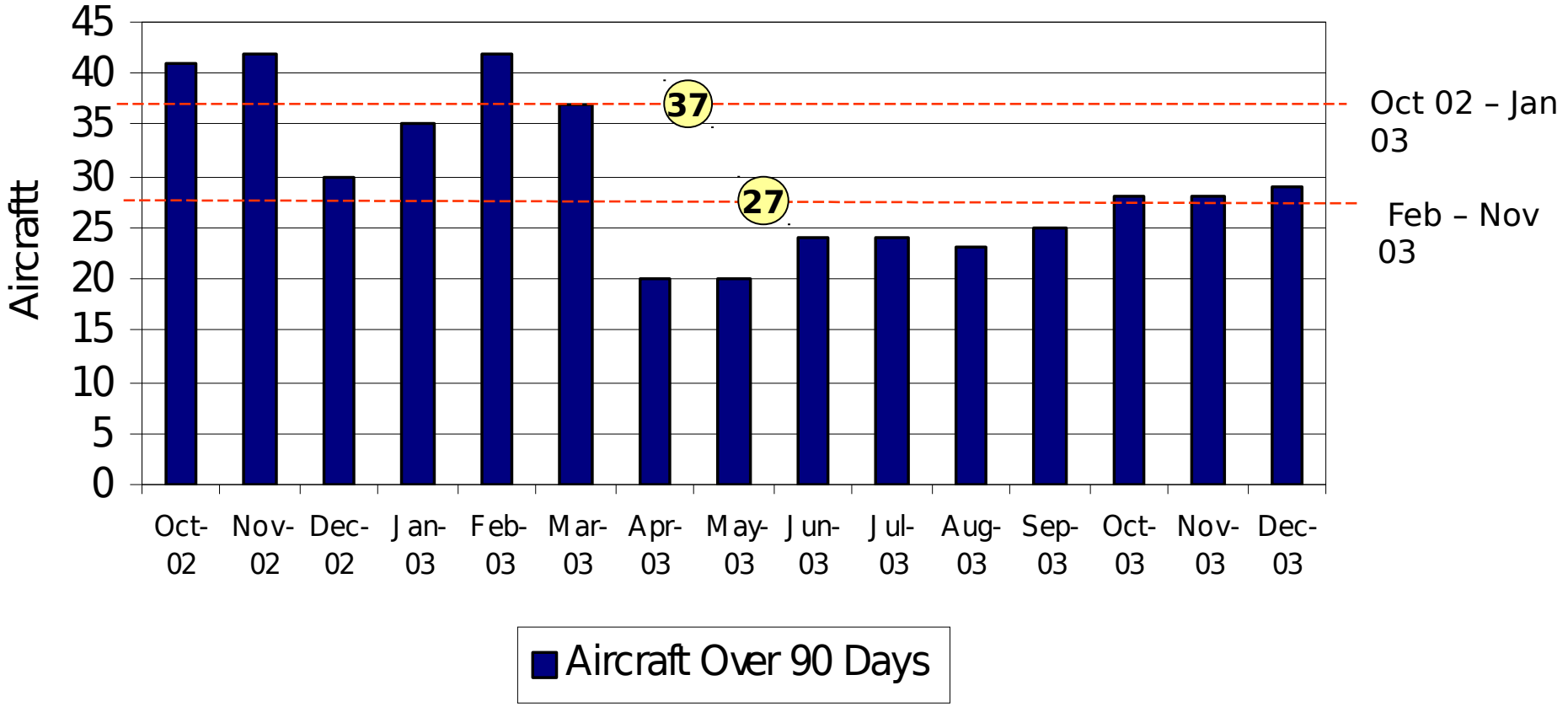
Reject Rates

Percentage of aircraft rejected for a maintenance problem within 2 hours of issue.



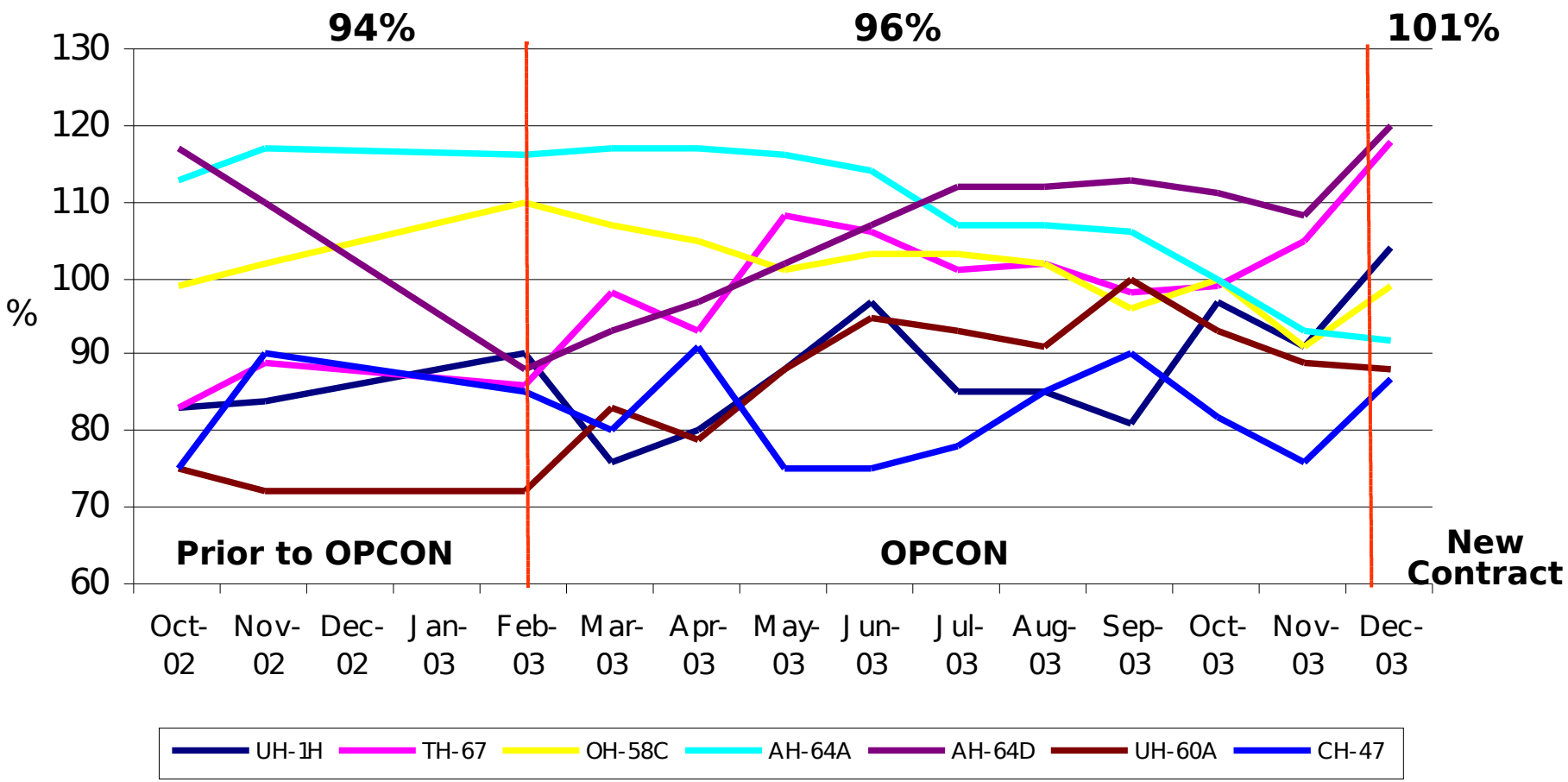
Number of Overage Aircraft

Number of aircraft down for maintenance for over 90 days.



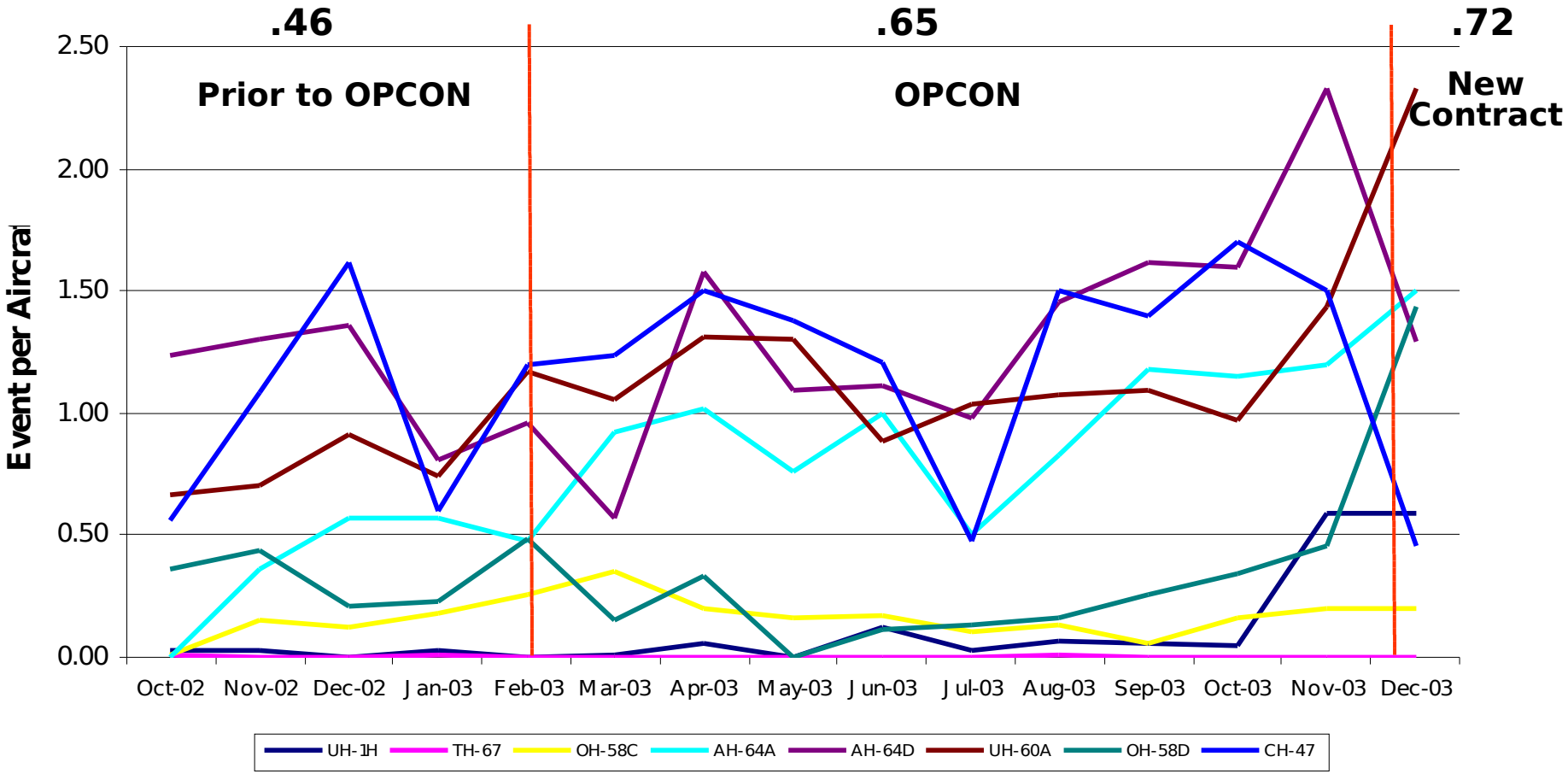
Percent of Bank Time

Percentage of Total Aircraft hours remaining on a fleet until Phase.



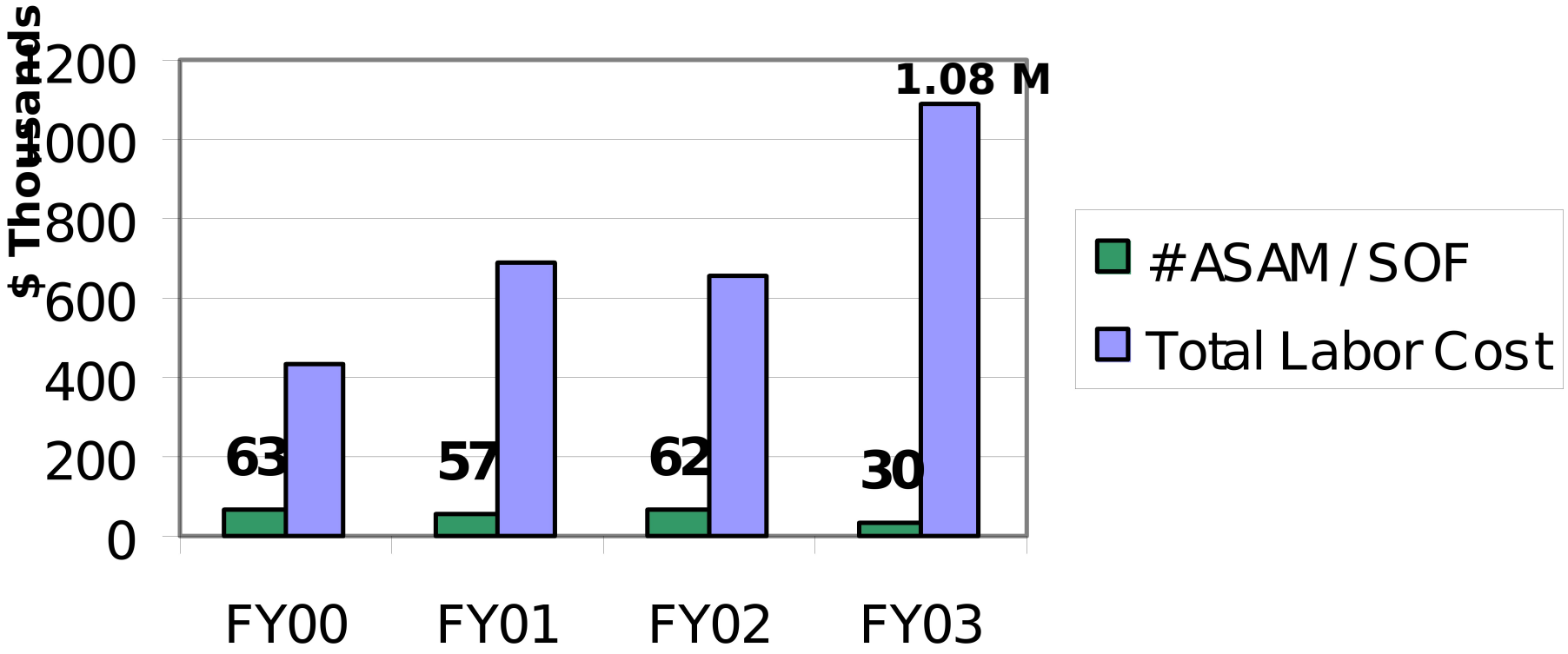
Controlled Exchange Ratio

Ratio of controlled exchange events to total aircraft in fleet.



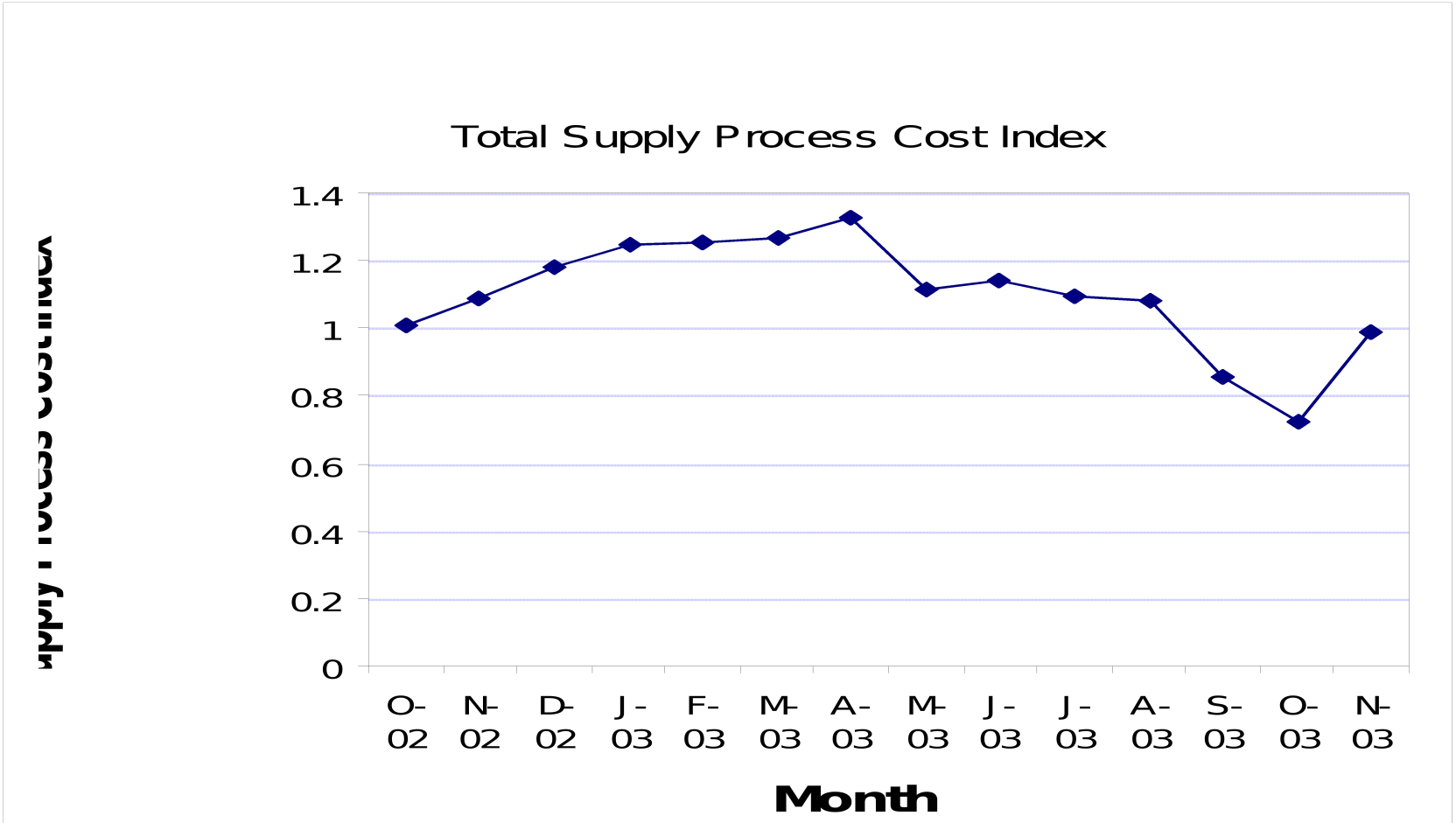
SOF/ASAM Impacts

- **Direct Labor Cost (Initial & Recurring)**
- **Does Not Include Parts Cost**



Supply Cost Index

Ratio of Actual Supply Cost per Flying Hour divided by Planned Supply Cost per Flying Hour.



TDA Inventory Results

Total LINs Reviewed = 529

Total 4610-Rs Submitted = 329

- Increases 35 LINs @ $3,403,944
- Decreases 194 LINs @ $8,305,884

Total Value of Shortages = $2,635,377

Total OMA Cost of Shortages = $1,184,435

Cost/Flying Hour Breakdown

The Labor and Supply Costs per flying hour by fleet.

Fleet	Baseline (OCT 02 - SEP 03)		OPCON (FEB 03 - NOV 03)	
	Labor	Supply	Labor	Supply
AH-64A	$1,234	$1,270	$1,271	$1,569
AH-64D	$1,347	$1,725	$1,353	$1,789
CH-47D	$1,245	$2,108	$1,265	$1,435
OH-58A/C	$256	$114	$251	$93
OH-58D	$520	$835	$504	$887
TH-67	$231	$708	$233	$640
UH-1H	$406	$897	$398	$719
UH-60	$877	$709	$890	$852